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U.S. Support for the Democratic Resistance
Movement in Nicaragua

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I. U.S. Goals in Central America

United States policy toward Nicaragua must be viewed in the overall Central American context, where we have a fundamental interest in the development and preservation of stable societies able to sustain social, economic, and political change without coming under the sway of the Soviet Union or its allies. As the National Bipartisan Commission on Central America stated, "Central America is both vital and vulnerable and whatever other crises may arise to claim the nation's attention, the United States cannot afford to turn away from that threatened region." A hostile or destabilized Central America close to our border would pose an unacceptable threat to our vital interests in Mexico, the Panama Canal, and the Caribbean sea lanes.

Because of the importance of Central America and the complexity of the problems there, U.S. policy toward the region has centered on four interrelated objectives:

-- support for democracy, reform and human freedom in each

country, including genuine national reconciliation, full respect for human rights, and popular participation in the political process--as demonstrated by open, fair, genuine elections;

- renewal of economic development and growth in the region to address the root socio-economic causes of turmoil and conflict and to provide increased opportunity and better conditions of life for all segments of society;
- security for the democratic governments of Central America, to help shield them from guerrilla warfare or externally-supported subversion as they develop more equitable, humane, and stable societies; and
- Support for a political solution to the conflicts in Central America, via peaceful dialogue within and among the countries of the region and for a comprehensive, and verifiable regional settlement as outlined in the Contadora Document of Objectives.

These four objectives of the United States are consistent with the strongest ideals of the American nation and, we are convinced, reflect clearly the wishes of the vast majority of the people in Central America and throughout this hemisphere.

Progress has been made toward achieving these objectives in El Salvador and elsewhere in Central America. In Washington, the Administration and the Congress have demonstrated the broad consensus that now exists in the U.S. on the need for increased aid to Central America by passing major economic and security assistance legislation for fiscal years 1984 and 1985. The Contadora process, helped by our bilateral efforts at Manzanillo, has also made progress in some areas, despite major remaining obstacles. The basic problem of Central America remains unaltered: a dedicated Marxist-Leninist regime in Nicaragua, armed and backed forcefully by Cuba, the Soviet Union, and its allies, bent on a massive weapons acquisition program and continuing active support for armed insurrection and subversion in neighboring countries, threatens the stability of democratic governments and fundamental U.S. interests in Central America.

II. Nicaragua's Role in Central American Conflict

(A) Sandinista objectives and strategy: Since the FSLN's rise to power in July 1979, real political power in Nicaragua has rested in the hands of the FSLN National Directorate. Composed of nine commandantes--three representatives from each of the three Sandinista factions--it determines and coordinates overall Nicaraguan objectives and strategy. The judiciary and the national assembly are fully subservient to this executive authority.

While we know there are personal differences among the nine, as well as differences on tactics, all nine commandantes are Marxist-Leninist revolutionaries committed to radical social change and the export of revolution, disdainful of democratic-capitalist regimes, and distrustful of the United States.

Having suffered from discord in the past, the FSLN takes great care to present a common front, although it has used rumors of disagreement to play on foreign interest in supporting so-called "moderate" elements. In need of Western economic support, the FSLN attempts to hide the most glaring evidence of its Marxist and dictatorial tendencies. As a result and as an outgrowth of the "tercerista" strategy that succeeded against Somoza, it follows a flexible strategy under which the private sector is

permitted to exist (albeit under systematic confiscation and increasing state restrictions), a political opposition can operate in limited areas (under the tight watch of FSLN and GON control instruments) and elections are carried out (under conditions assuring FSLN control of the outcome, via control of the media, political assembly, and the basic necessities of life). It is a strategy dedicated to the long-term survival of the Sandinistas' grip on power and Marxist-Leninist ideal behind a facade of moderation.

Based on the experience of the past five years and on several key Sandinista policy statements not intended for publication (for example, the September 1979 "72 Hour Document" which set forth the goals of the revolution, and Commandante Bayardo Arce's May 1984 confidential speech to the Socialist Party--both of which have been acknowledged as authentic by Nicaraguan senior officials), the FSLN has the following overriding objectives:

- the political/economic transformation of Nicaraguan society along Marxist lines, marked by redistribution of income, confiscation of private property, and an expanded state role in the economy;
- the establishment and maintenance of complete Sandinista control within Nicaragua (demonstrated by the intimidation and restriction of the opposition; encouragement of factions challenging authentic opposition groups in labor, political parties, the press, human rights, and organized religion; the development of Sandinista "mass organizations;" and the control of all government institutions by the FSLN);
- the development of closer ties with the Soviet Bloc and Cuba (shown by the GON's redirection of trade, its voting pattern in international bodies, its acceptance of 2,500-3,500 Cuban military and 3,500-4,000 Cuban civilian advisers, and its military purchases and identification with Cuban and Soviet Bloc goals in the region); and
- extensive material support for "fraternal revolution" in Central America (evidenced by its pattern of support for the Salvadoran guerrillas as well as similar groups in Guatemala, Honduras, and Costa Rica).

It is clear from the historical record that the Sandinistas entered office with these basic objectives described above, which have not changed during their period of power.

(B) Nicaraguan military buildup and alignment with the Soviet Bloc: As the Sandinistas took control of Managua on July 19, 1979, Somoza's National Guard disintegrated, leaving the Sandinista guerrillas as the only significant armed group in Nicaragua. With most of the Guard members captured or fleeing Nicaragua, there was little military threat to the FSLN within or without Nicaragua. Nevertheless, long before its opposition took up arms against it, the GON/FSLN had begun an impressive military buildup far beyond its defensive needs. The guerrilla army--which was renamed the Popular Sandinista Army (EPS)--grew from an estimated strength of 6,000 troops in July 1979 to about 16,625 by year's end, and to about 23,750 (army plus activated reserves and militia) by January 1982, when the armed opposition carried out its first major operations. In 1980 the GON announced a voluntary militia program, which Defense Minister Humberto Ortega boasted would eventually be 200,000 strong.

The Sandinista military establishment now has over 62,000 men on active duty and another 57,000 reserve and militia--a total of 119,000, many by now with combat experience. In contrast, Somoza's National Guard usually numbered 6,000 to 7,000 (and

peaked at about 14,000 during the 1978-79 insurrection). Of Nicaragua's immediate neighbors, Honduras' armed forces number about 18,000 and Costa Rica has no army.

The number of Cuban military and security advisers in Nicaragua grew in a similar pattern. About 200 Cuban military advisers were reported in Nicaragua in 1979, and an estimated 600 were present by the end of 1980. By the beginning of 1982, the estimate of Cuban military and security advisers in Nicaragua had risen to 1,500-2,000. In 1983 and 1984, the number of Soviet Bloc advisers increased, reaching about 2,500 to 3,500 Cuban military and security personnel and about 200 Soviet, other Bloc, Libyan, and PLO military advisers and technicians.

The growth of Soviet Bloc arms deliveries to Nicaragua lagged somewhat behind the increase in EPS troop strength and the Cuban presence, although orders were accepted as early as 1979. Soviet Bloc military deliveries totalled about \$5 million in 1980, but rose to about \$45 million in 1981, and to approximately \$90 million during 1982.

In late 1979, East Germany agreed to supply Nicaragua with 800 military trucks (1,000 were eventually delivered). During 1980, Nicaragua also reportedly signed a secret defense agreement with Cuba. It also sent about 100 personnel for MiG pilot and mechanic training in Bulgaria, the first in a series of steps to acquire advanced fighter aircraft. In 1980 and 1981, the GON sent major missions to the Soviet Bloc to discuss military assistance. Following the August 1980 visit to Managua of Yasser Arafat, the PLO provided military instructors to the GON. In mid-1981, the GON received its first 25 Soviet T-55 medium battle tanks (it received about 25 more during 1982, and now has about 110 such tanks, along with about 30 PT-76 light amphibious assault tanks).

Following the onset of organized insurgent activity in Nicaragua in early 1982, the Sandinista military continued to grow in number of troops, quantity and quality of weapons, and in the overall level of Soviet Bloc assistance. Soviet Bloc military deliveries were about \$115 million in 1983 and about \$250 million in 1984. The cumulative amount from 1979 to the present reached over \$500 million.

This weaponry was increasingly sophisticated. In addition to delivering more T-55 tanks, the Soviets introduced the PT-76 light amphibious tank, multiple rocket launchers, heavy artillery, helicopters (including the MI-24 Hind assault helicopter in late 1984), transport aircraft, about 200 armored vehicles, patrol boats, and radar and air defense equipment.

Considering that there was no significant armed opposition to the Sandinistas prior to 1982, the pattern of the 1979-1982 GON military growth and its Soviet connection illustrates that the Sandinista Government was committed from its earliest days to a military system with the following facets:

- a large active force, with large ready reserve and militia;
- a close military relationship with Cuba and the Soviet Bloc, as well as Libya and the PLO; and
- new offensive weapons systems that would further destabilize the then-existing regional military balance (such as the 1981 receipt of the T-55 tanks, and the GON decision in 1980 to acquire advanced fighter aircraft).

(C) Support for armed insurgency in El Salvador and activities against other Central American Governments:

Nicaragua's export of revolution to El Salvador, and to a lesser degree to the rest of Central America, remains an integral part of Sandinista ideology and foreign policy. Over the past 12-14 months, a compilation of reporting provides convincing evidence that Managua continues to play a key role as a supply and communications center, training base, and headquarters for the Salvadoran guerrillas. There is enough specific evidence to be confident that the supply effort continues and remains a critical factor in maintaining the guerrillas' military capabilities.

While there has been a reduction in materiel support to the insurgency since mid-1984 compared to the sizeable influx during 1982-83, Managua has an abiding commitment to maintain the insurgency in El Salvador.

In addition to intelligence evidence, Sandinista officials, such as directorate members Tomas Borge and Bayardo Arce, explicitly acknowledged at various times in 1984, Nicaraguan support to the guerrillas both in terms of materiel and communications.

Nicaragua also continues to provide military training to the Salvadoran guerrillas. A body of reporting over the past year suggests that a few hundred Salvadoran trainees may be at Nicaraguan camps at any given time. For example, a new training camp for Salvadorans was established last year near Santa Julia on Nicaragua's Cosiguina Peninsula. New buildings, a firing range, and an obstacle course are hidden in wooded terrain. The isolated location and proximity to El Salvador make the site ideal for insurgent training and infiltration. Salvadoran trainees receive combat experience fighting the anti-Sandinistas prior to returning to El Salvador. The pattern of evidence is unmistakable. There is no reason to doubt that Nicaraguan support for the Salvadoran guerrillas, in equipment supply, training and in command and control operations continues to be a vital element in outside support for guerrilla activities.

Significance of Nicaraguan support to anti-government forces. External resupply and support assistance from Nicaragua will remain critical for the Salvadoran insurgents for the foreseeable future. A variety of reports over the past few months indicate that the guerrillas continue to depend heavily on Nicaragua:

- reporting from several sources confirm that the most critical need is for ammunition; and
- in early 1985, reporting indicated that the Salvadoran Army's increased effectiveness in small-unit tactics has resulted in "substantially fewer" arms captured by the guerrillas, forcing them to bring in more arms from abroad.

All evidence indicates that Managua will continue to provide sufficient materiel for the guerrillas to sustain at least their current level of activity.

Support for Other Central American Radicals:

Sandinista activities elsewhere in the Central American region include training and arms support for radical groups, generally in close cooperation with Cuba. This support has been key to unity efforts and attempts to upgrade the military potential of these groups;

- Guatemala: Managua and Havana have worked jointly since 1982 to consolidate the principal rebel factions. During the past year, Managua has provided additional support to the Guatemalan guerrillas, which parallels early support for the Salvadoran rebels;

- Honduras: Prior to 1982, Havana and Managua discouraged armed struggle in Honduras so as not to endanger use of the country as a conduit for arms shipments to Salvadoran guerrillas. However, as the Honduran government began to intercept arms shipments and disrupt leftist networks, the Cubans and Nicaraguans shifted their policy to more active subversion:
 - in mid-1983, the Sandinistas infiltrated approximately 100 Cuban/Nicaraguan-trained Honduran insurgents in an unsuccessful effort to set up a base for insurgent operations and made another abortive infiltration effort in mid-1984; and
 - reporting from a variety of sources indicates the training continues, both in Nicaragua and Cuba, and includes combat experience against anti-Sandinistas in northern Nicaragua;
- Costa Rica: Nicaragua provides arms and training to the armed wing of the Costa Rican Communist Party, which is seen by the hardline faction of the party as the backbone of a potential domestic insurgency.

(D) Internal consolidation: The consolidation of Sandinista domestic power with a system of extensive internal control presents a major obstacle to Central American stability, given Sandinista objectives and the lack of democratic checks and balances to prevent or moderate an aggressive policy supporting revolution in neighboring countries. Nearly six years after it seized power, the FSLN has total control of the vast GON apparatus and has largely consolidated its power.

Since taking power, the FSLN has moved quickly to confirm its control of key government functions, and to expand significantly the government's role in national life. It should be noted that although the FSLN has allowed some opposition role, mainly to project an image of moderation for external consumption, it has steadily restricted opposition activity. Its clear goal is the institutionalization of a Marxist-Leninist one-party state in Nicaragua. Following is a checklist of Sandinista actions taken so far to achieve political domination:

- the placing of FSLN cadre in all GON agencies and assigning key Ministries to National Directorate members;
- the creation of a repressive state security/secret police organization controlled by the FSLN and assisted by Cuban and East German advisers;
- major expansion of the armed forces, controlled by Sandinistas and creation of the Sandinista militia (both a source of armed strength and mobilization of the masses);
- creation and expansion of Sandinista mass organizations, utilizing the literacy campaign and the various groups (labor, students, and the ubiquitous CDS block committees) to build cadres, extend party control, and to intimidate opposition groups;
- expansion of Sandinista representation in the Council of State, effectively reducing the opposition to a token role in that body;
- postponing elections five years until the FSLN had full political control and was able to ensure favorable results;
- active harassment of the political opposition through press censorship, denial of permits for rallies, arbitrary

confiscation of property, and arbitrary price and credit policies;

- support of rival, pro-Sandinista factions within all opposition parties, the media, organized religion, labor, and non-partisan organizations; and
- extensive utilization of Soviet Bloc military and other cadre whose loyalty is toward consolidation of Marxist-Leninist system.

Blaming FDN activities in early 1982, the government declared a "state of emergency" that further curtailed civil liberties and restricted opposition activities. The FSLN also stepped up CDS block committee actions against political dissidents, including individuals, political parties, labor unions, the private sector, the media, and organized religion. The institution of a draft, further expansion of the Nicaraguan military and increased receipt of major amounts of Soviet Bloc weaponry greatly increased the FSLN's capability to control national life and intimidate the opposition.

Having taken advantage of its access to GON funds and resources, and of the fact that opposition forces had been weakened by years of repression under Somoza and then the Sandinistas, the FSLN announced elections for November 1984. The flawed electoral process--during which the FSLN rejected opposition requirements for minimal guarantees to allow fair participation--demonstrated that the FSLN was not prepared to risk its own political power. From the FSLN's standpoint, however, the elections gave it a basis to institutionalize its control over Nicaraguan society.

Events following the elections indicate the FSLN will use its control of the Presidency and the new National Assembly to provide the institutional framework for continued Sandinista domination. This current phase of FSLN consolidation includes continuation of political and media controls, aggressive use of the draft as a device for mobilization and social control, rejection of armed and unarmed opposition calls for Church-sponsored dialogues, and proposal of a National Assembly statute that would severely limit rights of most opposition members.

The unfair electoral arrangements and subsequent efforts to stifle political opposition in Nicaragua were taken after the Sandinistas had announced on September 20, 1984, their willingness to accept the draft Contadora treaty which contained extensive commitments to respect political rights and ensure a democratic political system.

Sandinista Rejection of Dialogue: The Nicaraguan armed and unarmed opposition have consistently emphasized the goal of genuine democracy in Nicaragua, and have repeatedly offered to engage in dialogue with the Sandinistas. Significant armed opposition proposals were made by the Revolutionary Democratic Alliance (ARDE) on February 18, 1984, and by the Nicaraguan Democratic Force (FDN) on February 21, 1984. The unarmed opposition put forth a nine point proposal in January 1984; and refined this proposal in September 1984 to address the conditions necessary for opposition participation in the November elections. More recently, the unarmed opposition leadership in Managua issued a February 22, 1985 proposal for a national dialogue.

In a separate declaration signed in San Jose on March 1--a major opposition milestone that received wide attention--the externally-based opposition (including representatives of the FDN, the Miskito group MISURA, ARDE, and prominent democratic civilian leaders such as Arturo Cruz) proposed a national dialogue to be mediated by the Nicaraguan Catholic Church,

offering to implement a mutual in situ ceasefire and accept Daniel Ortega as President until such time as the Nicaraguan people decided on the matter through a plebiscite. They also endorsed the minimum requirements established on February 22 by the internal, unarmed opposition to begin a national dialogue. In addition to the suspension of armed activities and the establishment of a ceasefire, these included the lifting of the state of emergency; absolute freedom of expression; a general amnesty and pardon for political crimes; a full restoration of constitutional guarantees and the right of habeas corpus; guarantees of the safety of members of the resistance movement who participate in the dialogue; and the implementation of these measures under the supervision of guarantor governments. The foregoing are not unreasonable demands of abdication, but rather the minimum rights of people in a democratic society.

When Arturo Cruz attempted to fly to Managua on March 7 to deliver this proposal to the Nicaraguan Government, the Government prevented his return, and refused to respond to either opposition proposal. On March 22, the Nicaraguan Catholic Church hierarchy (Episcopal Conference) issued a communique reiterating its support for a national dialogue and declaring its willingness to act as a mediator.

III. Efforts to Resolve Central American Conflict

(A) U.S. objectives toward Nicaragua: United States policy toward Nicaragua since the Sandinistas' ascent to power has consistently sought to achieve changes in Nicaraguan government policy and behavior. We have not sought to overthrow the Nicaraguan government nor to force on Nicaragua a specific system of government. The changes we seek, listed below, are essential if Central America is to achieve peace and stability:

- termination of all forms of Nicaraguan support for insurgencies or subversion in neighboring countries;
- reduction of Nicaragua's expanded military/security apparatus to restore military balance in the region;
- severance of Nicaragua's military and security ties to the Soviet Bloc and Cuba and the return to those countries of their military and security advisers now in Nicaragua; and
- implementation of Sandinista commitment to the Organization of American States to political pluralism, human rights, free elections, non-alignment, and a mixed economy.

These goals are supported by all of Nicaragua's neighbors, they are consistent with the original goals of the anti-Somoza coalition and Sandinista pledges to the OAS, and they are contained in the September 1983 Contadora Document of Objectives, which Nicaragua signed together with the other Central American states. The last of the above objectives has been stressed by both the Carter and Reagan Administrations. It is directly related to both the internal situation in Nicaragua and Nicaraguan's relations with its neighbors, especially unarmed, neutral, and democratic Costa Rica, which sees the realization of this objective as a guarantee of its own security.

(B) Bilateral and regional diplomacy 1979-1982: United States negotiations with the Sandinistas began before they arrived in power July 19, 1979. Our efforts to strengthen the moderate opposition to Somoza succeeded in obtaining from the Sandinistas their July 12, 1979 letter to the OAS and their Basic Statute, in which they made the commitments to democracy, human rights, and non-alignment cited above.

During 1979 and 1980, the Carter Administration made a major effort to achieve good relations with the Nicaraguan Government. Total authorized bilateral assistance reached \$117.2 million, and the U.S. strongly supported Nicaragua in multilateral aid institutions. Our central objective was to encourage evolution of a democratic system in Nicaragua. Diplomatic contacts were frequent and at a high level, including Secretary Vance in Quito in August 1979, a Carter/Ortega meeting in September 1979, a U.S. visit by Commandantes Wheelock and Tirado in December 1979, Assistant Secretary Bowdler's visit to Managua in January 1980, and ARA Deputy Assistant Secretary Cheek's visit in September 1980. As late as October 1980, still seeking constructive relations, the Carter Administration certified that Nicaragua was not assisting international terrorism.

But by December 1980, the intelligence revealed that the Sandinistas were supporting the Salvadoran guerrillas, that 600 Cuban military advisers were in Nicaragua and that pilots had been sent abroad for MiG training. The military buildup had begun and internal repression was apparent in the stacking of the Council of State in May and the murder of private sector leader Jorge Salazar in November. Disbursements of AID and PL-480 sales were suspended and military assistance to El Salvador resumed. Economic assistance was formally ended by a Presidential Determination April 14, 1981, that Nicaragua was assisting Salvadoran guerrillas.

This Administration, nevertheless, made two major attempts to reverse the deteriorating relations in 1981-82. Assistant Secretary Enders visited Managua in August 1981, and presented an offer, including renewed economic assistance, for an end to Sandinista support for guerrillas and reduced levels of Nicaragua's military capability and foreign advisors. The GON never responded to our offer. Nicaraguan Ambassador to the U.S. Arturo Cruz resigned shortly thereafter in frustration over these developments. In April 1982, we made an eight-point proposal reiterating the August terms and emphasizing international verification of arms limitations and reaffirmation of Nicaragua's earlier commitments to support pluralism, free elections, and a mixed economy. A series of exchanges became increasingly sterile and concluded in August 1982. We then joined a multi-lateral effort of eight democracies of the region in October 1982--the San Jose Declaration--which outlined the essential conditions for restoring peace. These governments designated Costa Rican Foreign Minister Volio to carry the declaration to Managua. The Nicaraguan Government, however, refused to receive him or enter into dialogue on the San Jose principles.

(C) Contadora and Manzanillo 1983-1985: Colombia, Panama, Mexico, and Venezuela began in January 1983, at Contadora, Panama, to mediate a regional settlement. Meetings among the five Central American and these four "Contadora Group" governments led to agreement in September 1983 on a Document of Objectives. This identified twenty-one political, security, and social-economic goals whose verifiable implementation would meet our concerns. We have consistently supported efforts to develop the Document of Objectives into a comprehensive and verifiable agreement.

By April 1984, the Contadora Group had developed recommendations for implementing the Document of Objectives and proposed a draft agreement in June 1984. This first draft was accepted as a basis for further discussions by the Central American states. The Sandinistas made it clear that they would not accept any element to which they had not previously agreed. The other Central Americans made suggestions for its improvement and called for direct negotiations with Nicaragua.

The Contadora group presented a second draft on September 7. Nicaragua's insistence on prohibition of military maneuvers was

accepted; timing of security commitments of interest to Nicaragua was tied to signature; but commitments on foreign advisers and arms reductions were left for later negotiation. Verification was extremely weak.

Nicaragua conditionally accepted the draft on September 21. The other Central Americans, however, had strong misgivings. Honduras, El Salvador, and Costa Rica developed a series of proposed amendments that were presented to the Contadora group on October 20, 1984. Informal discussions within Contadora since last fall have focused on reconciling these two drafts of a "final agreement." When the Contadora process resumes April 11-12, these drafts--and efforts to strengthen verification--will be the focus of discussion.

Manzanillo discussions: During a June 1, 1984 visit to Managua, Secretary Shultz proposed direct discussions between Nicaragua and the U.S. We made clear from the outset that this process was designed to facilitate the Contadora negotiations and contribute to the goal of a comprehensive, regional settlement.

U.S. Special Envoy Ambassador Harry Shlaudeman held nine meetings with the Nicaraguans between June and December 1984, all but one in Manzanillo, Mexico. We made specific proposals for a comprehensive step-by-step solution to the problems identified by both sides. But Nicaragua used the talks as a vehicle to try to resolve its most immediate bilateral security concerns without addressing such Contadora objectives as regional arms reductions, or reincorporation of its insurgents into civil society under democratic conditions. Following Nicaragua's conditioned acceptance of the September 7 Contadora draft agreement, the United States attempted to initiate concrete discussions on the points still at issue in the draft. The Nicaraguan delegation was unwilling to consider this approach, seeking instead to "explore" security issues only outside the Contadora context.

Nicaraguan diplomacy throughout the six years of Sandinista rule has thus been characterized by an effort to bilateralize negotiations, making a comprehensive settlement impossible. It has at the same time engaged in grandstand diplomacy by making public statements inconsistent with its real negotiating position and by appeals to the U.S. public and to various international fora in search of propaganda advantage.

In sum, it is apparent that the Sandinistas use the negotiating process to advance their more serious objectives:

- buy time for internal consolidation;
- ease external political, economic, and military pressures by presenting the appearance of reasonableness and flexibility; and
- obtain explicit or implicit guarantees against U.S. unilateral military intervention and preclude neighboring countries from supporting Nicaraguan democratic opposition.

By the same token, it is clear that, despite lip service to the democratization aspects of Contadora, the Sandinistas are unalterably opposed to any internal changes that would jeopardize their control of political life in Nicaragua.

IV. Policy Alternative and U.S. National Interests

The foregoing sets forth in detail our objectives regarding Nicaragua and the enormous obstacles to realizing them posed by Sandinista ideology, geo-strategic aims, and intransigence. We have considered the possible alternative approaches to achieving

our policy objectives for regional stability. In doing so, we have ruled out courses of action that would amount to acceptance of Sandinista goals and abandonment of our own objectives, and direct application of U.S. military force.

We are left with reliance upon an array of policy instruments, short of direct U.S. military action, to advance our objectives and deny the attainment of those of the Sandinistas and their Communist mentors. In the broadest terms, we have two options:

- first, we can seek through effective pressure to modify Sandinista behavior while we help strengthen the political, economic and military capabilities of the countries directly threatened; or
- second, we can forego pressure and concentrate on seeking to contain the effects of Sandinista behavior through assistance to neighboring countries.

The second of these options, containment, would seek to counter the expansionist activities of the Soviet Union, Cuba and Nicaragua in Central America by, inter alia, a major buildup of the security capabilities of the countries directly threatened.

It would mean providing Honduras advanced combat aircraft, anti-tank and anti-air defense systems and underwriting a military force increase from about 18,000 to perhaps 35,000. In the case of El Salvador, it would mean more resources and major drives to slow the guerrillas before the Sandinista pipeline picks up again. Costa Rica would have to decide whether to develop new security capabilities (it now has no army) and host U.S. exercises or other measures.

To assure that these countries would have the will to resist in an environment of increasing Nicaraguan military dominance, the U.S. would probably have to offer firm guarantees for resisting Nicaraguan attack, including Nicaraguan aggression through unconventional warfare.

U.S. military and naval exercises probably would increase. The intelligence services of each country would have to be expanded. Additional economic assistance (a doubling of 1984/85 levels or more) would be needed to offset the impact of Soviet/Cuban subversion and political action. We have not attempted to cost-out this option, but total assistance to the area could rise from the \$1.2 billion per annum level of FY 84/85 to \$4-5 billion per year for the immediate future.

In terms of full realization of our objectives toward Nicaragua, the containment approach is obviously deficient in that it is passive and does not contemplate changes in Sandinista behavior. We do not see such changes occurring under this scenario even if the steps outlined above are coupled with economic sanctions and other measures to isolate Nicaragua. Moreover, there are fundamental obstacles to implementing this strategy in a way that will achieve its defensive goals. First is the question of whether Congress would support the long-term increases in U.S. material assistance that would be necessary. A half-hearted "containment" response, or one that lasted for only a year or two, would only serve to prolong the Central American conflict without altering its ultimate outcome. Second, we must face the fact that definitive removal of U.S. support from the anti-Sandinistas will have, in its own right and apart from any compensatory measures, a demoralizing effect on our friends in the region. This, in turn, will tend to make them more susceptible to Sandinista intimidation and/or negotiation initiatives, and less confident in future security relationships with us.

The flaws in the containment approach, especially measured against the long-term commitment of the Sandinistas and the assurances of political and military support they enjoy from the Soviet Bloc, would appear to dictate eventual success of Sandinista-inspired insurgency throughout the region.

Our conclusion is that continuation of strong pressure on the Sandinistas is the only effective course of action that will safeguard our security and those of our friends. Under this strategy, we foresee the following:

- resumption of aid to the Nicaraguan armed resistance at levels sufficient to create real pressure on the Government of Nicaragua;
- U.S. economic and security assistance to other countries of Central America;
- continued U.S. insistence on strengthening democratic institutions, respect for human rights and reforms;
- additional military and naval exercises; and
- active encouragement of a negotiated political solution to regional problems based on our four objectives and the 21 point Contadora Document of Objectives.

The justification for our proposed approach--the strategy of strong pressures combined with a negotiating channel to encourage a political solution--is treated in Section V below, in terms of specific objectives such as halting Nicaraguan support for the Salvadoran guerrillas and encouraging the removal of Cuban and Soviet advisors. Of the various approaches, this has the highest chance of achieving a negotiated solution. It requires far less U.S. resources than a containment policy and a better chance of being effective. The resources are now in place but should the armed opposition be dismantled or break apart, it could not be put back together again without enormous effort, if at all. In effect, this option would be lost--placing us in an "accommodationist-or-military response" dilemma at some later date, when the threat to U.S. interests becomes more obvious and when the only effective response would be on a larger scale, or in less favorable circumstances.

V. Presidential Determination

(A) Description of Proposed Program: Assistance provided to the Nicaraguan democratic opposition forces will be structured so as to increase their size and effectiveness to the point where their pressure convinces the Sandinista leadership that it has no alternative to pursuing a course of moderation, to include:

- cessation of support to insurgent movements in other countries;
- reduction in their armed forces;
- withdrawal of foreign advisers; and
- acceptance of the March 1 Peace Proposal and establishment of a legitimately pluralistic democratic political structure which will assure that Nicaragua will not continue activities threatening to their neighbors.

The United States has a clear, undeniable moral imperative not to abandon those brave men and women in their fight to establish democracy and respect for human rights in Nicaragua. It is a traditional imperative stemming from more than 200 years during

which, time and again, we have lent our support--moral and otherwise--to those around the world struggling for freedom and independence.

It is not simply a matter of the \$14 million before the Congress that is the issue. The greater issue is one of the United States trying to help people who have had a Communist tyranny imposed on them by force, deception and fraud. We cannot consign the Nicaraguan people to a Communist dictatorship with no possibility--if history is any guide--of realizing the freedoms of democratic goals set forth in their San Jose unity declaration. Our responsibility is clear: we must give them our full bipartisan support.